

even exist in 1965. Yet Medicare still does not cover prescription drugs.

Many of the procedures we now have to detect diseases early, or prevent them from occurring in the first place, did not exist in 1965. Yet Medicare has not fully adapted itself to these new procedures.

Many of the systems and organizations that the private sector uses to deliver services, contain costs, and improve quality, such as preferred provider organizations and pharmacy benefit managers, did not exist in 1965. Yet, under current law, Medicare cannot make the best use of these private sector innovations.

Over the last 6½ years, we have taken important steps to improve Medicare. When I took office, Medicare was scheduled to go broke this year. But we took tough actions to contain costs, first in '93, and then with a bipartisan balanced budget agreement in 1997. We have fought hard against waste, fraud, and abuse in the system, saving tens of billions of dollars.

These measures have helped to extend the life of the Trust Fund to 2015. But with the elderly population set to double in three decades, with the pace of medical science quickening, we must do more to fully secure and modernize Medicare for the 21st century.

The plan I release today secures the fiscal health of Medicare, first, by providing what every objective expert has said Medicare must have if it is to survive—more resources to shore up its solvency. As I promised in the State of the Union Address, the plan devotes 15 percent of the Federal budget, over 15 years, to Medicare—Federal budget surplus. That is the right way to use this portion of the surplus.

There are a thousand ways to spend the surplus, all of them arguably attractive, but none more important than first guaranteeing our existing obligation to secure quality health care for our seniors. First things, first. [Applause] Thank you.

In addition to these new resources, we must use the most modern and innovative means to keep Medicare spending in line while rigorously maintaining, indeed, improving quality. So the second part of the plan will bring to the traditional Medicare program the best practices from the private

sector. For instance, doctors who do a superior job of caring for heart patients with complex medical conditions will be able to offer patients lower copayments, thus attracting more patients, improving more lives, saving their patients and the system money.

Third, the plan will use the forces of competition to keep costs in line, by empowering seniors with more and better choices. Seniors can choose to save money by choosing lower cost Medicare managed care plans under our plan, without being forced out of the traditional Medicare program by larger than normal premium increases. And we will make it easier for seniors to shop for coverage based on price and quality, because all private plans that choose to participate in Medicare will have to offer the same core benefits. Consumers shouldn't be forced to compare apples and oranges when shopping for their family's health care.

Fourth, we will take action to make sure that Medicare costs do not shoot up after 2003, when most of the cost containment measures put in place in 1997 are set to expire. And to make sure that health care quality does not suffer, my plan includes, among other things, a quality assurance fund, to be used if cost containment measures threaten to erode quality. And given the debates we're having now on the consequences of the decisions we made in 1997, I think that is a very important thing to put in this plan. [Applause] Thank you.

These steps will secure Medicare for a generation. But we should also modernize benefits as well. Over the years, as I said earlier, Medicare has advanced—medical care has advanced in ways that Medicare has not. We have a duty to see that Medicare offers seniors the best and the wisest health care available.

One such rapidly advancing area of treatment is preventive screening for cancer, diabetes, osteoporosis, and other conditions—screenings which, if done in time, can save lives, improve the quality of life, and cut health care costs. Therefore, my plan will eliminate the deductible in all copayments for all preventive care under Medicare.

It makes no sense for Medicare to put up roadblocks to these screenings and then turn around and pick up the hospital bills that

screenings might have avoided. No senior should ever have to hesitate—as many do today—to get the preventive care they need.

To help cover the cost of these and other crucial benefits and strengthen the Medicare part B program, we will ask beneficiaries to pay a small part of the cost of other lab tests that are prone to overuse, and we will index the part B deductible to inflation.

Nobody would devise a Medicare program today, if we were starting all over, without including a prescription drug benefit. There's a good reason for this: We all know that these prescription drugs both save lives and improve the quality of life. Yet, Medicare currently lacks a drug benefit. That is a major problem for millions and millions of seniors—and not just those with low incomes. Of the 15 million Medicare beneficiaries who lack prescription drug benefits today, nearly half are middle class Americans. And with prescription drug prices rising, fewer and fewer retirees are getting drug coverage through their former employer's health programs.

My plan will offer an affordable prescription drug benefit to all Medicare recipients, with additional help to those with lower incomes, paid for largely through the cost savings I have outlined. It will cover half of all prescription drug costs, up to \$5,000 a year, when fully phased in, with no deductible—all for a modest premium that will be less than half the price of the average private Medigap policy. It's simple: If you choose to pay a modest premium, Medicare will pay half of your drug prescription costs, up to \$5,000. This is a drug benefit our seniors can afford at a price America can afford.

Seniors and the disabled will save even more on their prescription drugs under my plan because Medicare's private contractors will get volume discounts that they could never get on their own. By relying on private sector managers, I believe that my plan will help Medicare beneficiaries and ensure that America continues to have the most innovative research and development-oriented pharmaceutical industry in the world.

With the steps I have outlined today, we can make a real difference in our people's lives. And I believe the good fortune we now

enjoy obliges us to do so. In a nation bursting with prosperity, no senior should have to choose between buying food and buying medicine. But we know that happens. I'll never forget the first time I ever met two seniors on Medicare who looked at me and told me that they were choosing, every day, between food and medicine. That was almost 7 years ago, but it still happens today.

At a time of soaring surpluses, no senior should wind up in the hospital for skimping on their medication to save money. But that also happens today, in 1999. At a moment of such tremendous promise for America, no middle-aged couple should have to worry that Medicare will not be there when they retire, that a lifetime's worth of investment and savings could be swallowed up by medical bills. If we want a secure life for our people, we must commit ourselves, as a country, to secure and modernize Medicare, and to do it now.

In the months before the election season begins, we can put partisanship aside and make this a season of progress. With our economy strong, our people confident, our budget in surplus, I say again, we have not just the opportunity but a solemn responsibility to fortify and renew Medicare for the 21st century.

It's the right thing to do for our parents and our grandparents. It's the right thing to do for the children of this country. It is the right thing to do so that, when we need it, the burden of our health care costs does not fall on the children and hurt their ability to raise our grandchildren.

Like every generation of Americans before us, our generation has begun to fulfill our historic obligation to strengthen our fundamental commitments and keep America a nation of permanent renewal. Just a few days before our last Independence Day of this century, let us commit again to do that with Medicare.

Thank you, and God bless you.

NOTE: The President spoke at 3:23 p.m. in the East Room at the White House.

**Statement on the Death  
of Michael Hooker**

*June 29, 1999*

I was saddened to learn of the death of University of North Carolina Chancellor Michael Hooker. Michael Hooker devoted his life to improving higher education, not only in North Carolina but all over America. As chancellor of UNC, he was committed to building the best educational and cultural climate for students, while deepening the university's commitment to North Carolina and its economic future. His devotion led him to visit every county in North Carolina to discuss new ways of developing educational opportunity, and to encourage more people to participate in the educational system. I am especially grateful for his role in helping Education Secretary Riley implement our America Reads challenge, which enlists college students as tutors to help elementary students learn to read.

Michael Hooker represented the very best in our education system, and the very best in public service. He will be missed. Our thoughts and prayers are with his wife, Carmen, and his daughter and grandchildren.

**Message to the Congress  
Transmitting the Report of the  
Corporation for Public Broadcasting  
With Documentation**

*June 29, 1999*

*To the Congress of the United States:*

In accordance with the Public Broadcasting Act of 1967, as amended (47 U.S.C. 396(i)), I transmit herewith the Annual Report of the Corporation for Public Broadcasting (CPB) for Fiscal Year 1998 and the Inventory of the Federal Funds Distributed to Public Telecommunications Entities by Federal Departments and Agencies for that same year.

Among its many outstanding projects over the past year, CPB has put considerable time and effort into strengthening the teaching and development of America's literary tradition. Working with educators, writers, and experts from all across the country, CPB has

launched a companion website filled with exceptional teaching materials and continues to make possible the broadcast of some of the Nation's finest literature over our public airwaves. In addition, CPB is also expanding the availability of teacher professional development in the social sciences, humanities, and literature.

As we move into the digital age, I am confident that the Corporation for Public Broadcasting will continue to act as a guiding force. As the projects above illustrate, CPB not only inspires us, it educates and enriches our national culture.

**William J. Clinton**

The White House,  
June 29, 1999.

**Message to the Congress  
Transmitting a Report on the  
National Emergency With Respect to  
Yugoslavia (Serbia and Montenegro)**

*June 29, 1999*

*To the Congress of the United States:*

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c) and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to Yugoslavia (Serbia and Montenegro) as declared in Executive Order 12808 on May 30, 1992, and with respect to Kosovo as declared in Executive Order 13088 on June 9, 1998.

**William J. Clinton**

The White House,  
June 29, 1999.

**Message to the Senate Transmitting  
the Venezuela-United States Tax  
Agreement**

*June 29, 1999*

*To the Senate of the United States:*

I transmit herewith for Senate advice and consent to ratification the Convention Between the Government of the United States

of America and the Government of the Republic of Venezuela for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, together with a Protocol, signed at Caracas on January 25, 1999. Also transmitted is the report of the Department of State concerning the Convention.

This Convention, which is similar to tax treaties between the United States and other developing nations, provides maximum rates of tax to be applied to various types of income and protection from double taxation of income. The Convention also provides for resolution of disputes and sets forth rules making its benefits unavailable to residents that are engaged in treaty shopping.

I recommend that the Senate give early and favorable consideration to this Convention and that the Senate give its advice and consent to ratification.

**William J. Clinton**

The White House,  
June 29, 1999.

### **Remarks on Medicare in Chicago, Illinois**

*June 30, 1999*

Thank you very much, ladies and gentlemen, and good morning. I want to say that it's wonderful for me to be back in Chicago. Most of you know how much I love it here, and I am delighted to be here. I bring you greetings from the First Lady, who I left on my way here and who was jealous that I was coming and she wasn't, especially since I'm also going to see the Cubs play this afternoon—[laughter]—and I enjoy that; and from the Vice President and all the members of our administration who have worked so hard on this health care issue.

I want to thank Anna Willis for her remarks and her leadership for the aging community here in Chicago. And I know that with me on the stage, and perhaps out in the audience as well, are members of the Mayor's Advisory Council on Aging, the Cook County Board of Commissioners, the Cook County Council, the Chicago City Council—I thank them all for being here.

I'd like to thank Linda Esposito for speaking on behalf of pharmacists who have to live with the consequences of the absence of prescription drug coverage for our seniors every day and who do their best to serve them well under very adverse circumstances. And I thought she did a very fine job; I thank her for being here.

And I want to thank Hanna Bratman for having the courage to get up here and tell her story and introduce me. You know, I do this all the time. It's second nature for me. But most people, it's pretty scary to get up in front of all of you and all those cameras and talk about your life and talk about your circumstances. And I thought she did a fine job, and I thank her for doing that.

I'd also like to thank these ladies on my left, Anne Thomas and her daughters, Lee Hamilton and Laura Peterson, because they represent what I think of as the ultimate test of Medicare, which is whether it's fair and helpful and supportive of families and our intergenerational responsibilities—parents to their parents to their children. And I'll say more about that, but thank you for joining us today, as well.

Ladies and gentlemen, as is so often the case when I get up to speak, the people who spoke before me have said everything that needs to be said. One guy got up—you know the great story about the last speaker at a long dinner; eight people spoke and he got to speak at 10 o'clock, and he said, "Well, everything that needs to be said has been said, but not everyone has said it." [Laughter] "So relax, I'm going to talk a little bit."

Let me say to all of you that we have an unprecedented opportunity and an unprecedented responsibility to strengthen Medicare and to improve it, to modernize it so that no one has to make the choice that you have heard talked about—between affording health care and affording other necessities of life, between remaining independent or relying on your children and undermining their ability to raise your grandchildren.

We have this opportunity because our economy is the strongest in a generation, perhaps ever, because our country is clearly moving in the right direction, a leading force for freedom and peace and human rights around the world, as our wonderful men and

women in uniform demonstrated in Kosovo recently. Our social fabric here is mending. The crime rate is down; the welfare rolls have been cut in half; teen pregnancy is down; drug abuse among our young people is down; and a record 90 percent of our young people are immunized against serious childhood diseases for the first time in the history of our country. Our cities, which were once thought of as being economically depressed, are thriving again. Chicago is exhibit A—look at this beautiful building and this beautiful vista we have here.

When I became President, we had a \$290 billion budget deficit. The debt of our Nation had quadrupled in only 12 years. Today, we are going to be, in 1999, \$99 billion in the black. We actually projected yesterday that for the next 15 years, the surplus will be a trillion dollars more than we thought it was just 6 months ago.

Now, this is a great tribute to the ingenuity and the hard work of the American people, and to the disciplined decisions that we have made, starting in 1993, to cut that deficit until we balanced the budget and got into surplus. If we keep going on the plan I have proposed to save Social Security and Medicare and pay down the debt, this country actually can be out of debt—out of debt—in 15 years for the first time since 1835.

Now, let me just say, since all of you know it's the strength of the economy that has put people to work and raised their incomes and brought in the revenues that enabled us to save Medicare, the reason it's a good thing for all Americans, for us to be out of debt is that if we're out of debt, it means that the Government won't be competing with you and the businesspeople to borrow money. It means interest rates will be lower for business loans, for car loans, for home loans, for credit cards, for college loans. It means, therefore, there will be more investment, more jobs, higher incomes. It means we will be less dependent on the world for money to come into this country, so if there is another financial problem, as there was in Asia a couple of years ago, it will have less impact on us. It means people all over the world that we look to to buy products that are produced in Illinois and throughout the United States will be able to borrow money

more cheaply and have more money to buy our products, to help our prosperity as we help theirs, if we get this country out of debt.

So I want to emphasize to you, everything I am proposing to do with Medicare and with Social Security can be done in a way that gets the country out of debt for the first time since 1835. And in a global economy, it is very, very important to our children and our grandchildren that we give them the opportunities they deserve.

Now, how are we going to do that? We have to set aside the bulk, a little more than three-quarters of the surplus, for saving Social Security and Medicare. We need to do that, quite apart from this prescription drug benefit—let's talk about that. Why do we need to do that? Because we have a high-class problem in America: we're all living longer. Life expectancy is already over 76 in America. For young people growing up, their life expectancy will probably be over 80. Anybody who lives to be 65 in America today has a life expectancy of 85. People over 80 are the fastest growing group of Americans.

Now, when you put that life expectancy development up next to the fact that the baby boom generation, the biggest generation in American history until the present one in our schools today, is getting ready to retire—some of them, anyway. I'm the oldest of the baby boomers, and I hope I don't have to retire. But anyway, I'm going to retire from this job, but, generally, I think I should keep working. *[Laughter]*

But when you look at the fact that with the baby boomers retiring, the oldest of the baby boomers—that's me, we turn 65 in 2011, not that far away—there are going to be a lot more people retired relative to the number of people working, which means there will be a lot more people drawing Social Security and a lot more people drawing Medicare relative to the number of people working.

Now, we can make some changes in the program, but I would argue that now that we have this surplus and we project this surplus to last into the future, and if we know it's good for us anyway, for all Americans of all ages, to pay the debt down, we should save this much money now to stabilize Social Security and Medicare and pay the debt off.

Now, I know there are a thousand good uses for this surplus. If I gave each of you a piece of paper and I said name 10 things that you would like to see your country do, we might have 100 different things on that list, and they'd all be good. But I say we should take care of first things first, and we don't have any more important obligation—not only to seniors but to their children and their grandchildren—than to preserve the integrity of Social Security and Medicare and preserve the long-term economic health of this country. So I hope that all of you will support that.

We can talk more about Social Security later, but if my proposal is accepted, we'll have Social Security solid for way more than 50 years already, and with a few other changes, we could take it out to 75 years; we could do something to deal with the fact that elderly women on Social Security are far more likely to be poor, and they need some extra help; and we could lift the earning limitation for people on Social Security. I would like to see those things done.

But let's talk about Medicare. We should secure and strengthen and modernize Medicare. It's been around for 34 years now. It's made health care more accessible and more affordable. As you heard Hanna say, it's given millions of American families peace of mind by paying for medical costs that otherwise would have bankrupted families in their later years. It has also freed the children of Medicare's recipients from the painful choice of mortgaging their children's future to provide a decent health care for their parents. But you've got people living longer and the baby boomers set to retire; therefore, more people drawing Medicare and fewer people paying in. What that means is that the Trust Fund will become insolvent by the year 2015, 15 years from now. Now, we've already done a lot to try to stave that off. When I became President in 1993, the Trust Fund was supposed to become insolvent in 1999—this year. We've made a lot of changes. Some of them were difficult and somewhat unpopular, but we have saved Medicare until 2015.

But that's not enough. Keep in mind, the baby boom generation won't begin to turn 65 until 2011. Then, over the next 30 years, the number of people who are 65 or over

will actually double. So we need to lengthen the life of the Medicare Trust Fund, and we need to do it now. The sooner you deal with these issues, the easier it is to deal with them. The longer we take to deal with them, the more painful and the more expensive it will be to deal with it.

The plan I announced yesterday to secure and modernize Medicare for the 21st century does the following things. First of all, it extends the solvency of the present Medicare program to the year 2027. That is very important. Changes made today can keep it alive until 2027. That will almost completely take in the baby boom generation. Not quite, but nearly. And that gives all of our successors plenty of time to take advantage of all the increases in health care options that I'm convinced will allow people to stay healthier even longer in the years ahead.

To do it, I propose that we use 15 percent of the budget surplus over the next 15 years. Again I say, there are a lot of good uses for the surplus. A lot of people would like to have more money right now. But there is nothing more important than taking care of first things first. Keeping the economy strong by paying the debt off and saving Medicare and Social Security, I think are the most important things we can do, and we should do them first.

Now, we also plan to modernize the way the program works, to introduce more innovations now used in private sector health plans, to offer seniors the chance to choose between lower cost managed care plans for Medicare and the traditional program without forcing the choice by having unreasonable increases in the premiums in the traditional program, to guarantee that our seniors have the information necessary to make informed choices, and that all the available plans have certain core medical benefits necessary to preserve the integrity of the program, to make sure that as we hold costs down, we keep quality up.

But we also, as everybody before me has said, need to modernize Medicare. One of the ways, but not the only way, is with prescription drugs. Think of it this way: Medicine has changed a lot. The whole health care system has changed a great deal since 1965. But Medicare hasn't changed with it. As a